

AR69

2000

annual

report

Business Referral
City of Alberta
Business Building
Edmonton, Alberta T6G 2E1

clear results

clear strategy

SOUTHWARD ENERGY LTD.

Corporate Profile

Southward Energy is a junior exploration, development and production company operating in Western Canada. Our philosophy is to demonstrate profitable growth through strict cost control, high working interest, and technical and geographic focus. Our formula for achieving results is simple: we have a clear, focused strategy and we implement it with a high degree of discipline. Close to 80 per cent of our current production is natural gas, produced from our two core focus areas. The majority of our production is operated with a high working interest, which gives us a large degree of control over the results we deliver to our shareholders.

The Annual Meeting of the Shareholders of the Company will be held at 3:00 p.m., May 8, 2001 in the McMurray Room of the Calgary Petroleum Club, 319 – 5 Avenue SW, Calgary, Alberta.

***Our strategy is clear,
consistent and
predictable. And so
are our results.***

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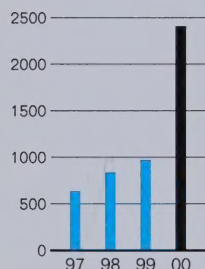
Corporate Highlights

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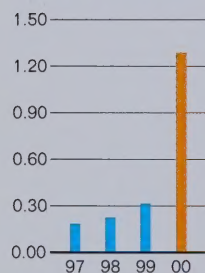
December 31,	2000	1999	% Change
Financial (000s except per share data)			
Revenues	\$ 33,245	8,265	302
Net earnings	\$ 11,765	1,234	853
Per share – basic	\$ 0.61	0.08	663
Per share – fully diluted	\$ 0.48	0.08	500
Cash flow	\$ 25,008	4,745	427
Per share – basic	\$ 1.29	0.32	303
Per share – fully diluted	\$ 1.01	0.28	261
Property and equipment	\$ 53,771	30,611	76
Capital expenditures, net	\$ 30,393	16,538	84
Debt and working capital	\$ (21,054)	(11,248)	87
Ratio to annual cash flow	0.8	2.4	(67)
Shareholders' equity	\$ 29,276	17,791	65
Common shares outstanding, year-end	19,517,888	19,388,588	1
Operating			
Production			
Crude oil (Bbls/d)	40	192	(79)
Natural gas (Mcf/d)	23,700	7,879	201
Oil equivalent (Boe/d) (10:1)	2,410	980	146
Average selling price			
Crude oil and NGLs (\$/Bbl)	\$ 38.31	25.55	50
Natural gas (\$/Mcf)	\$ 5.11	2.68	91
Operating netbacks			
Crude oil and NGLs (\$/Bbl)	\$ 21.75	12.94	68
Natural gas (\$/Mcf)	\$ 3.35	1.80	87
Oil equivalent (\$/Boe) (10:1)	\$ 33.37	17.02	96
Cash flow netback (\$/Boe)	\$ 28.36	13.27	114
Undeveloped land (acres)			
Gross	134,556	77,430	74
Net	126,404	64,679	95
Average working Interest	94%	84%	12
Proven and probable reserves			
Oil and liquids (Mbbbls)	0	637	(100)
Natural gas (Mmcf)	55,897	36,760	52
Oil equivalent (Mboe) (10:1)	5,590	4,313	30
Oil equivalent (Mboe) (6:1)	9,316	6,764	38
Wells drilled, net	35	8.3	322
Finding and development costs (\$/Boe)			
Proven (10:1)	12.61	8.21	54
Proven (6:1)	7.57	4.93	54
Recycle ratio			
Proven	2.3	1.6	44

2000 Performance Highlights

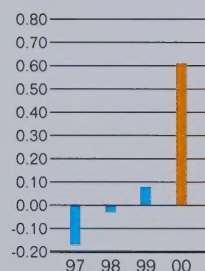
Production
(Boe/d) (10:1)



Cash flow per share (basic)



Net earnings (loss) per share (basic)



Increased Shareholder Value

- Improved cash flow by 261 percent to \$1.01 per share
- Increased earnings per share by 500 percent
- Achieved 40 percent return on equity

Positioned for Sustainable Growth

- Replaced production 2.7 times by adding 24.1 Bcf of proven reserves
- Increased proven reserves by 76 percent
- Added reserves at \$12.61 per Boe (proven)
- Achieved recycle ratio of 2.25 on proven reserves
- Acquired 3,700 Mcf/d of gas production and 22,200 net acres of land in primary focus area
- Established a second focus area through acquisitions in West Central Alberta
- Expanded undeveloped land base by 95 percent to 126,404 net acres at year-end
- Drilled 35 wells with 86 percent success rate
- Exited 2000 with production of 3,100 Boe/d – up 100 percent from 1999

Strengthened Operational Dominance

- Secured average working interest of 92 percent on lands acquired in 2000
- Operated greater than 97 percent of properties
- Held average working interest of 97 percent
- Increased gas infrastructure in primary focus area through facility acquisitions and expansions

**Our success comes
from focus, operational
dominance and cost
control.**

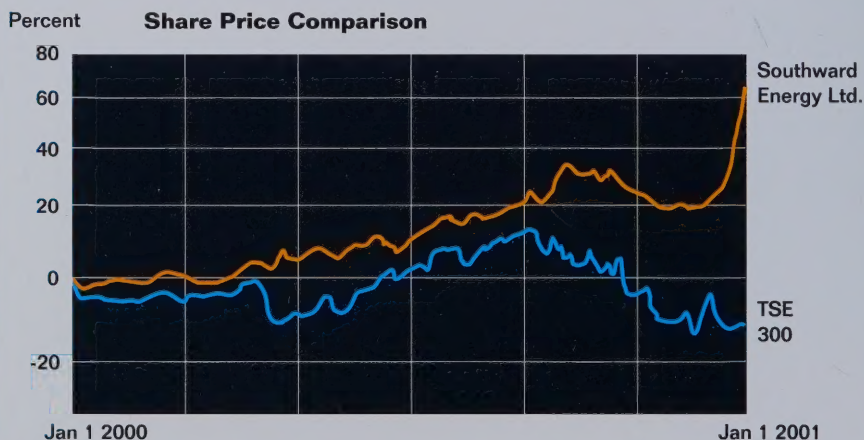
President's Message

To describe the year 2000 as a stellar year for Southward Energy would not be overstating our performance. Once again we delivered strong operational and financial results for our shareholders and positioned the Company for continued sustainable growth.

I'm pleased to report we surpassed all our targets set for 2000. Our production averaged 2,410 Boe/d in 2000 compared to 980 Boe/d in 1999 – representing a 146 percent increase. Gross revenues totaled \$45 million, a 372 percent increase over 1999. Cash flow increased to \$25 million in 2000 compared to \$5 million in 1999. Net earnings were \$12 million, up from \$1 million in 1999.

These results translate into a 500 percent increase in earnings per share, to 48 cents per share compared to 8 cents per share in 1999. As well, cash flow improved by 261 percent, from 28 cents per share in 1999 to \$1.01 per share in 2000. Return on equity was 40 percent.

In addition, Southward's share price substantially outperformed the TSE 300, and in 2000, we were one of the highest performing gas companies in the industry.



I am often asked about Southward's formula for success. It's quite simple. We control all aspects of our business through operational dominance, we maintain a tight focus, and we continually work to lower costs. Our strategy is clear, consistent, predictable and effective. And the results speak for themselves.

Our discipline in implementing our strategy enabled us to more than double production in 2000 and reduce both our operating and general and administrative (G&A) costs on a per unit of production basis.

Geographical and Geotechnical Focus

One of the cornerstones of our strategy is our tight business focus. A dedicated technical team focuses solely on executing our strategy in a specific geological and geographical

area. This high degree of focus creates an internal expertise that allows for efficient reserve additions. Consolidation of our efforts in a few core areas also enables us to create operational and administrative cost savings through efficient use of infrastructure and people.

Our primary core focus area is situated in Northeastern Alberta. In 2000, we further consolidated our primary focus area through acquisitions, and laid the groundwork for a second focus area in West Central Alberta.

Operational Dominance

Another important element of our strategy is our high degree of operatorship and working interest. In 2000, we held an average 97 percent working interest in our properties and operated in excess of 97 percent of them. Control of infrastructure in an area allows us to operate more cost effectively. It provides the ability to make decisions that are aligned with our strategy, and act on them quickly, which is a definite benefit in terms of project cycle time. That results in a competitive advantage, which better positions the Company to grow through acquisitions and drilling. Operational dominance allows us to control development and provides us the ability to achieve the targets we have set.

Cost Management

A company's ability to manage costs is a clear indicator of its true performance. With today's record high commodity prices, it's possible to experience financial success in spite of high costs. We focus our efforts to improve the bottom line through increased production and reduced costs. In 2000, our G&A, interest and operating costs were 70 cents per Mcf – a 23 percent reduction compared to 1999. Our go-forward finding costs in 2000 were \$10.82 per Boe (10:1). As a gas leveraged company, we are positioned among the top gas companies in terms of finding costs. Our one-time divestiture of oil assets to become strategically gas focused had a negative impact on our finding and development costs, increasing them to \$12.61 per Boe.

Our challenge in 2001 will be to continue managing a cost reduction program during a busy drilling season with associated rising costs. We will do that by generating better economies of scale through larger and more efficient drilling programs, as well as increasing operating efficiencies to control operating and administrative costs.

Outlook

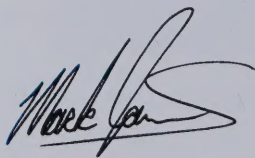
The outlook for continued strong growth is extremely positive. The current commodity pricing environment presents an unprecedented opportunity for energy companies to grow and prosper. At Southward, we are taking advantage of this environment through the development of a marketing portfolio that captures the majority of upside in gas pricing, but also manages risk by maintaining a floor for prices.

We are also focusing on acquisitions that fit with our growth strategy. In late 2000, we conducted due diligence and tendered an offer that resulted in the acquisition of Benson Petroleum Ltd. in the first quarter of 2001. This effectively establishes our second core focus area in the Cherhill area of West Central Alberta. It also significantly increases the size of our company and our potential for future growth through a strong land position with deeper, longer-life reserves. The acquisition represents an additional 1,800 Boe/d of production, and an opportunity to establish operational dominance in the area. The added production includes approximately 800 barrels of heavy oil, which will be rationalized through swap transactions to further build dominance in our focus areas. The net cost of the Benson acquisition to Southward was \$45 million after disposition of certain assets.

In 2001, Southward plans to add 56 Bcf of natural gas and 3.4 million barrels of oil by drilling up to 65 wells in our focus areas. Our 2001 program will be supported by a capital budget of \$98 million. We expect production to average 5,600 Boe/d in 2001, and plan to exit the year at 7,000 Boe/d, leveraged 80 percent to natural gas.

We will also continue to investigate acquisition opportunities. The time is ripe for investment, and acquisitions will play an important role in our growth strategy. As part of the current consolidation trend in the industry, we have the ability and financial strength to be one of the companies that grows through consolidation.

In closing, I would like to reflect on Southward's rapid and strategic growth in the last three years. Clearly, this would not have been possible without the talent and commitment of our board, management, technical and administrative staff. Southward is fortunate to have remarkable people who are 100 percent committed to achieving our corporate goals. With the strength of our people, and a clear enduring strategy, we will continue to demonstrate profitable growth and share performance for our shareholders.

A handwritten signature in black ink, appearing to read "Mark Janisch", with a stylized flourish at the end.

Mark Janisch, P.Eng., MBA
President and Chief Executive Officer

March 23, 2001
Calgary, Alberta



**We are disciplined
in executing our
corporate strategy.**

Operations Review

Drilling and Production

In 2000, we grew our asset base significantly through a combination of drilling, workovers and complementary asset acquisitions. We drilled a total of 35 natural gas wells with an average success rate of 86 percent. In April 2000, we closed an \$8.3 million acquisition in the Warwick area of Northeastern Alberta. This further strengthened Southward's position in our primary focus area through the addition of 3,700 Mcf/d of gas production and 22,200 net acres of land, as well as high working interest in three facilities and associated infrastructure.

Southward began the year 2000 with a total of 1,550 Boe/d of production, and exited at 3,100 Boe/d. Average production for the year was 2,410 Boe/d. At year-end, production was 100 percent gas, produced entirely from our Northeast Alberta focus area.

Production by Area

Area	2000			1999		
	Gas Mcf/d	Oil Bbls/d	Total Boe/d (10:1)	Gas Mcf/d	Oil Bbls/d	Total Boe/d (10:1)
Lavoy	17,061	—	1,706	1,375	—	138
Cold Lake	6,124	—	612	5,710	—	571
Saskatchewan	—	39	39	—	187	187
Other	515	1	53	794	5	84
Total	23,700	40	2,410	7,879	192	980

Converted at 10 Mcf equal to 1 Boe.

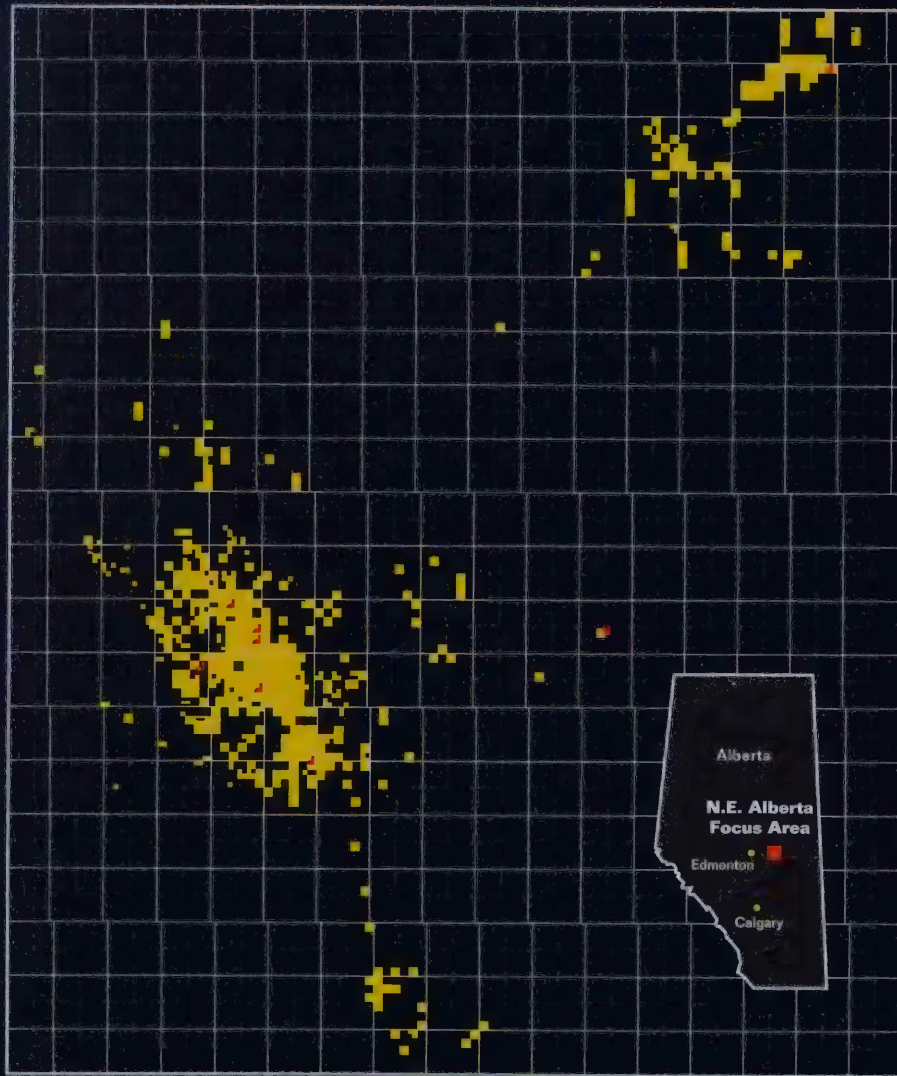
Facilities

In 2000, Southward operated five plants in Alberta, with high levels of working interest in each.

Plant	Capacity (Mmcf/d)	Working Interest (%)
Lavoy	18	100
West Lavoy	12	78
Warwick	1	100
Vegreville	6	88
Viking	4	100

In 2001, Southward plans an expansion at the Lavoy plant. We also plan to add compression at West Lavoy, and consolidate Warwick into the Lavoy system to increase throughput and reduce operating costs.

In March 2001, we acquired a 58 percent interest and operatorship in the Alexis battery and gas plant with a capacity of 3 Mmcf/d. This facility provides additional strength in our newly established second core area in the Cherhill region.

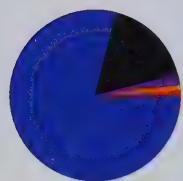


N.E. Alberta Focus Area

Legend

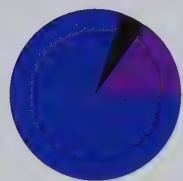
- Southward lands
- Gas plant

Major Properties by 12% NPV



■ Lavoie
■ Cold Lake/Bonnyville
■ Mannville
■ Plain
■ Other

Reserve Distribution by Class



■ Proved producing
■ Proved non-producing
■ Probable

Land Position

To ensure sustainable growth, Southward continually expands its undeveloped land base in the core operating areas to maintain a strong inventory of drilling prospects. In 2000, we acquired 61,725 net undeveloped acreage with an average working interest of 94 percent. This represents a considerable increase – from 64,679 acres at year-end 1999 to 126,404 acres at year-end 2000. Our ratio of net undeveloped land per Boe/d for 2000 was 52 net acres per Boe/d. To achieve this commitment, Southward dedicated 15 percent of our 2000 capital budget to land acquisitions. Our target is to maintain a ratio exceeding 50 acres per Boe/d, which has been determined to be a strong land inventory position.

Seismic Activity

In 2000 we spent \$2.3 million to acquire proprietary and trade seismic data in our primary focus area. We also acquired 420 miles of seismic data with an assessed value of \$500,000 through an asset acquisition. In 2001, we will dedicate \$5.5 million of our capital budget to additional seismic acquisition. Our current seismic database is valued at more than \$3.8 million and covers 1,825 miles of land in our focus area.

Reserves

McDaniel and Associates has evaluated Southward's reserves as of December 31, 2000. The following table summarizes the key aspects of their report:

	Natural Gas Mmcf	Oil & Liquids Mbbls	Total Mboe		Present Value of Cash Flow Before Taxes – Discounted at		
			10:1	6:1	0%	10%	15%
Proven producing	44,323	0	4,432	7,387	\$ 136,992	\$ 107,324	\$ 97,865
Proven non-producing	3,001	0	300	500	8,646	6,777	6,146
ARTC	–	0	–	–	3,436	2,398	2,081
Total proven	47,324	0	4,732	7,887	149,074	116,499	106,092
Probable	8,573	0	857	1,429	24,695	12,938	10,192
ARTC	–	0	–	–	677	301	216
Total	55,897	0	5,589	9,316	\$ 174,446	\$ 129,738	\$ 116,500

1. The pricing forecast used in determining the value of cash flow is based on the January 1, 2001 McDaniel & Associates Consultants Ltd. price forecast, which includes a gas price of \$6.70 per Mmbtu average Alberta field price and an oil price of \$25.00 US per Bbl WTI for 2001.
2. Proven reserves are those quantities of oil and gas that geological and engineering data demonstrate with a reasonable degree of certainty to be recoverable based on year-end economic conditions from known reservoirs using existing technology. Probable reserves are those reserves that are not considered proven at the present time but where geological and engineering data suggest their existence and future recovery.

Established reserves are proven plus 50 percent of probable.

2001 Proven Reserve Reconciliation

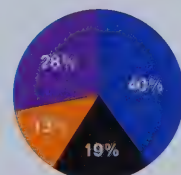
	Natural Gas Mmcf	Oil & Liquids Mbbbls	Total Mboe (10:1)	Total Mboe (6:1)
	Proven	Proven	Proven	Proven
January 1, 2000	26,948	511	3,206	5,002
Production	(8,647)	(15)	(880)	(1,456)
Acquisitions	8,143	—	814	1,357
Additions	22,830	(496)	1,787	3,309
Revisions	(1,950)	0	(195)	(325)
January 1, 2001	47,324	0	4,732	7,887

Efficiency Ratios

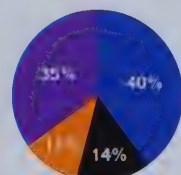
	2000	1999	1998
Net capital expenditures (000s)	\$ 30,393	\$ 16,538	\$ 2,882
Reserve additions (Mboe) (10:1)			
Proven	2,406	2,015	113
Finding and on-stream costs (\$/Boe)			
Proven	\$ 12.61	\$ 8.21	\$ 25.53
Cash flow netback (\$/Boe)	\$ 28.36	\$ 13.27	\$ 8.51
Recycle ratio (cash flow netback/finding and on-stream costs)			
Proven	2.3	1.6	0.3
Reserve replacement ratio (reserve additions/ annual production)			
Proven	2.7	5.6	0.4

Marketing

Southward has developed a model portfolio for marketing its natural gas that takes advantage of pricing upside, but mitigates the risk related to volatile commodity prices. Forty percent of Southward's portfolio, committed to put options, provides a floor for gas prices but does not impose a price cap. In a strong market this ensures revenue for capital expenditures, but does not eliminate the upside. Another 35 percent of the portfolio is dedicated to the spot market to provide operational efficiency and flexibility. The final 25 percent is split between fixed contracts and aggregators.

Gas Marketing**Winter 2000/2001**

- Spot sales
- Aggregators
- Fixed contracts (avg. \$8.60/Mcf)
- Put option contracts (floor \$5.30/Mcf)

Summer 2001

- Spot sales
- Aggregators
- Fixed contracts (avg. \$5.60/Mcf)
- Put option contracts (floor \$5.05/Mcf)



**With earnings up,
production up
and costs down,
our results speak
for themselves.**

Management's Discussion & Analysis

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The year 2000 was very rewarding for Southward with record net earnings and cash flow.

The following discussion has been prepared by management and should be read in conjunction with the consolidated financial statements contained in this report.

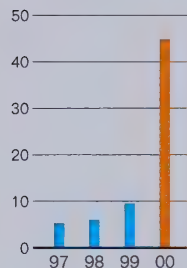
The following tables provide a summary of operations, including netbacks for 2000 compared to 1999, and netbacks on a product basis:

Production	2000		1999		% Change 2000-1999	
	2,410 Boe/d		980 Boe/d		146%	
	000s	\$/Boe	000s	\$/Boe	Total	Per Unit
Operating netback:						
Oil and natural gas sales	\$ 44,898	50.91	9,512	26.59	372	91
Royalties	(12,187)	(13.82)	(2,011)	(5.62)	506	146
Alberta Royalty Tax Credit	517	0.59	709	1.98	(27)	(70)
Production expenses	(3,802)	(4.31)	(2,121)	(5.93)	79	(27)
Operating netback	29,426	33.37	6,089	17.02	383	96
General and administrative expenses	(1,250)	(1.42)	(826)	(2.31)	51	(39)
Interest expense	(1,144)	(1.30)	(339)	(0.95)	237	37
Income taxes, current	(1,898)	(2.15)	(91)	(0.25)	1,986	746
Other	(125)	(0.14)	(88)	(0.24)	42	(40)
Cash flow netback	25,009	28.36	4,745	13.27	427	114
Depletion and depreciation	(7,752)	(8.79)	(2,764)	(7.73)	180	14
Site restoration expense	(334)	(0.38)	(149)	(0.42)	124	9
Future income taxes	(5,300)	(6.01)	(741)	(2.07)	780	690
Other	142	0.16	143	0.40	(1)	(60)
Net earnings	\$ 11,765	13.34	1,234	3.45	473	425

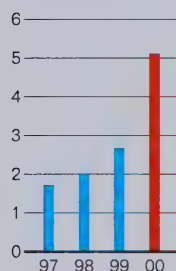
Netback by Product – 2000

Production	Crude Oil and NGLs		Natural Gas		Total Equivalent	
	40 Bbls/d		23,700 Mcf/d		2,410 Boe/d	
	000s	\$/Bbl	000s	\$/Mcf	000s	\$/Boe
Operating netback:						
Oil and natural gas sales	555	38.31	44,343	5.11	44,898	50.91
Royalties	(150)	(10.35)	(12,037)	(1.39)	(12,187)	(13.82)
Alberta Royalty Tax Credit	0	0	517	0.06	517	0.59
Production expenses	(90)	(6.21)	(3,712)	(0.43)	(3,802)	(4.31)
Operating netback	315	21.75	29,111	3.35	29,426	33.37

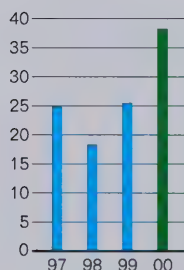
Gross revenue
\$ millions



Gas price
\$ per Mcf



Oil price
\$ per Bbl



Revenues

Gross production revenues increased 372 percent to \$44.9 million from \$9.5 million in 1999. This substantial increase was due to increased natural gas pricing and to higher production volumes. Effective April 1, 2000, Southward sold all of its oil producing properties (Saskatchewan) resulting in the natural gas component in the oil equivalent production mix increasing to more than 98 percent. Natural gas production increased 201 percent to 23.7 Mmcfd in 2000 from 7.9 Mmcfd in 1999. Southward realized a 91 percent increase in the average natural gas price to \$5.11 per Mcf in 2000 from the \$2.68 per Mcf in 1999. The average selling price for oil of \$38.31 per Bbl in 2000 represented a 50 percent increase over the \$25.55 per Bbl in 1999.

Royalties

In 2000, royalties increased 506 percent to \$12.2 million from \$2.0 million in 1999, due to higher gross revenues resulting from increased gas production volumes and higher pricing. The combined royalty rate on oil and gas production, before ARTC (Alberta Royalty Tax Credit), increased to 27 percent from 21 percent in 1999. The higher crown royalties included did not increase the ARTC received as the Company has reached the maximum amount eligible for this credit. The ARTC included as a deduction to the total royalties paid decreased to \$517,000 in 2000 from \$709,000 in 1999 due to a lower entitlement rate.

Production Expenses

Increased production volumes resulted in a 79 percent increase in operating expenses, which totalled \$3.8 million in 2000 (1999 – \$2.1 million). This equates to \$4.31 per Boe for 2000 compared to \$5.93 per Boe for 1999, a 27 percent decrease. This per unit decrease is attributed to Southward's successful efforts to control all operational activities and to maximize efficiencies at existing facilities.

General and Administrative Expenses

General and administrative expenses in 2000 increased to \$1,250,000 compared to \$826,000 reported for 1999. This increase of 51 percent over 1999 can be attributed mainly to the hiring of additional staff and leasing additional office space as a result of increased activity. On a per Boe basis, administrative expenses were \$1.42 in 2000, a decrease of 39 percent over the \$2.31 for 1999. Southward, currently with 16 full-time employees and as operator for virtually all its producing areas, is a full-cycle company and is positioned to handle anticipated increased exploration and development activities and production volumes.

Interest Expense

Interest expense was \$1,144,000 in fiscal 2000 compared to \$339,000 in fiscal 1999, a 237 percent increase. This pertains to the bank loan which increased \$10.1 million in 2000 to assist in the financing of the April 2000 major property addition in the Lavoy area and subsequent development drilling and related facilities.

Depletion, Depreciation and Site Restoration

The depletion and depreciation provision increased 180 percent to \$7.8 million in 2000 from \$2.8 million for 1999. This significant increase is due to increased production volumes and a higher asset base to be depleted. Depletion on oil and gas properties was provided at a rate of \$8.75 per Boe for the current fiscal year compared to \$7.73 for the previous fiscal year. These rates are based on an industry standard assumption that 10 Mcf of natural gas is equivalent to one Bbl of oil.

The site restoration provision was \$334,000 (1999 – \$149,000) and is intended to cover liability associated with future well abandonment and site restoration costs. At December 31, 2000, the estimated liability for future well abandonment and site restoration costs was \$2,715,000 (1999 – \$1,942,000) of which \$919,000 (1999 – \$585,000) has been recorded in the financial statements.

Ceiling Test

Southward applies a ceiling test annually as required under its policy of accounting for oil and gas properties and equipment using the full cost method. This test ensures that the capitalized/carrying costs of developed properties, net of deferred income taxes and future site restoration and abandonment costs, does not exceed the value of future net revenues from oil and gas reserves, using: year-end prices, less future general and administrative expenses related to production of those reserves, financing costs, estimated future abandonment costs and income taxes. As at December 31, 2000 and 1999, the ceiling test computation revealed that no write-down was required.

Income Taxes

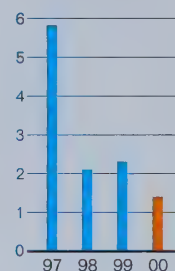
Current income taxes include federal and provincial tax payable of \$1,875,000 (1999 – \$42,000) and Saskatchewan Corporation Capital Tax (specifically, Resource Surcharge) of \$23,000 (1999 – \$49,000).

Effective January 1, 2000, Southward adopted the new recommendation for accounting for income taxes using the liability method. The new method was applied retroactively without restatement of the 1999 financial statements. For 1999, the Company followed the deferral method of accounting for income taxes. Southward recorded a future tax provision of \$5,300,000 in 2000 (1999 – \$741,000).

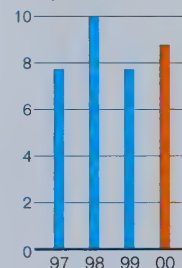
At December 31, 2000, Southward had an estimated \$36.9 million of tax pools available to be deducted against future taxable income, as follows:

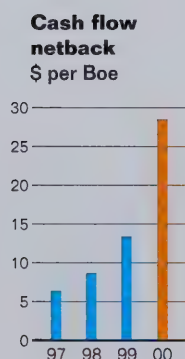
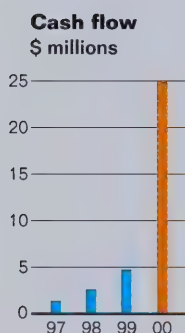
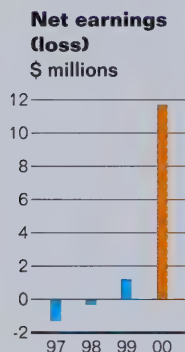
(000s)	Rate (%)	2000	1999
Canadian oil & gas property expense	10	\$ 20,005	12,211
Canadian development expense	30	5,926	1,878
Canadian exploration expense	100	0	5,784
Undepreciated capital cost	25	10,819	5,321
Share issue costs	25	143	241
		\$ 36,893	25,435

G&A expense
\$ per Boe



Depletion expense
\$ per Boe





Cash Flow From Operations and Net Earnings

Southward had significantly higher net earnings and cash flow in 2000 as a result of increased production and commodity prices. Net earnings increased to \$11.8 million in fiscal 2000 from \$1.2 million for 1999, an 853 percent increase. This equated to \$0.61 per share basic (\$0.48/fully diluted) compared to 1999 of \$0.08 per share basic (\$0.08/fully diluted).

Cash flow from operations increased 427 percent to \$25.0 million, \$1.29 per share basic (\$1.01/fully diluted), from \$4.7 million, \$0.32 per share basic (\$0.28/fully diluted), for 1999. On a Boe basis, cash flow netback for 2000 was \$28.36 compared to \$13.27 for 1999, a 114 percent increase.

Capital Expenditures

In 2000, the Company carried out a full-cycle exploration and development capital program as well as completing a major property acquisition. In April 2000, Southward made an acquisition of 3,700 Mcf/d of gas for a purchase price of \$8.3 million in the existing Lavoy area. This expanded the Company's infrastructure within the focus area by adding two high working interest gas plants and related gathering facilities. Also, this facilitated, and will continue to facilitate the expansion of our focus area through additional drilling in conjunction with land and production acquisitions.

In fiscal 2000, capital expenditures totalled \$30.4 million as outlined in the following table:

(000s)	2000	1999
Property acquisition	\$ 9,400	10,201
Property disposition	(3,156)	0
Land acquisition	4,990	1,332
Geological and geophysical	2,846	1,365
Drilling and completion	9,428	2,967
Well equipment and facilities	6,741	552
Other	144	121
	\$30,393	16,538

Liquidity and Capital Resources

At December 31, 2000, Southward had 19.5 million common shares outstanding.

In September, 1999, the Company completed a Private Placement of 6,354,562 common shares for proceeds of \$4.5 million. Attached to these private placement shares issued were 6,354,562 share purchase warrants. Each warrant entitles the holder to acquire 0.6 of one common share and the purchase price for each whole common share acquired is \$1.20. At December 31, 2000, 6,344,562 warrants were outstanding and, if exercised, an additional 3,806,737 common shares would be issued for cash consideration of \$4.6 million. These warrants expire in September 2001.

At December 31, 2000, Southward had 1,867,643 stock options for common shares outstanding of which 996,337 were exercisable at an average price of \$1.26 equating to proceeds of \$1.3 million.

At December 31, 2000 the Company had a \$30.0 million revolving demand loan facility bearing interest at prime. At December 31, 2000, the amount drawn under this facility was \$20.1 million compared to \$10.0 million at December 31, 1999. This facility will be expanded as required for capital spending.

At December 31, 2000, the working capital deficiency was \$941,000 (1999 – \$1,241,000). The combined debt and working capital deficiency was \$21,054,000 (1999 – \$11,248,000), which was approximately 0.8 times our 2000 cash flow from operations compared to a 2.4:1 ratio at year-end 1999.

Net Asset Value

(Estimate)

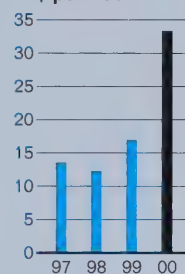
December 31, (000s)	2000		1999
	Proven	Established	Established
Oil and gas reserves			
@ 12% discount (before tax)	\$ 112,000	118,000	36,600
Undeveloped lands & seismic data	10,600	10,600	4,350
Note receivable	378	378	557
Inventory	1,123	1,123	84
Long-term investment	2,538	2,538	0
Working capital (deficiency)	(941)	(941)	(1,241)
Bank loan	(20,113)	(20,113)	(10,007)
	105,585	111,585	30,343
Net asset value per common share (basic)	\$ 5.41	5.72	1.57
Common shares outstanding at year-end	19,518,000	19,518,000	19,389,000
Warrants (assumed exercised)	4,568	4,568	4,575
Options (assumed exercised)	2,596	2,596	1,807
Total net asset value	\$ 112,749	118,749	36,725
Net asset value per common share (diluted)	\$ 4.48	4.71	1.48
Common shares outstanding (diluted)	25,192,000	25,192,000	24,865,000

Sensitivity Analysis

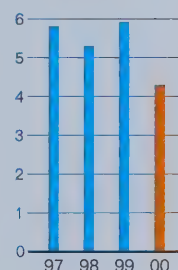
The Company's sensitivity to fluctuations in price and production volumes at December 31, 2000 is illustrated in the following table:

	Impact On Cash Flow Per Common Share (Basic)
Commodity price changes	
Natural gas (\$0.10/Mcf)	\$ 0.04
Production volume changes	
Natural gas (1 Mmc/d)	\$ 0.10

Operating netbacks \$ per Boe



Production expense \$ per Boe



Business Risks

Southward, like all oil and gas exploration companies, is subject to inherent risks associated with exploration, development, reservoir performance, marketing, price fluctuations, interest rates and money market exchange rates. Management attempts to manage this risk by designing capital programs tempered with low, medium and high risk projects, with the understanding that higher risk projects often carry higher reward and longer term value.

Southward has added competent technical staff and uses up-to-date technology to not only find, but also maximize the return from the Company's producing properties. The Company maintains an insurance program consistent with industry practice to protect against destruction of assets, safety and environmental risks, and other business interruptions.

Financial Controls

Southward is typical in that it has a sophisticated accounting system in place to handle the specialized accounting needs pertaining to an oil and gas exploration and production company. The Company employs well trained accounting personnel who are experienced with the needs unique to the industry. As Southward is a public company trading on the Toronto Stock Exchange and listed with the Securities Commissions in the provinces of Ontario, Alberta and British Columbia, it is subject to stringent regulatory approvals and reporting practices. These require complete financial statements (unaudited) at the end of each quarter and audited financial statements annually. Accordingly, an accounting system, with budgetary and reporting procedures, is in place to ensure compliance and to provide accurate and generally accepted financial statements. Southward believes it has sufficient budget and reporting procedures in place to provide maximum accountability.

Safety and Environment Issues

Southward is committed to the protection and preservation of the environment and the health and safety of its employees and the public in the conduct of its business. To guide Company personnel in completing daily operating and project responsibilities, Southward has adopted a series of environmental principles. The Company will apply the expertise necessary to implement these principles and will require contractors providing services to operate in a manner consistent with corporate policies. These guiding principles reflect current environmental legislation and accepted industry practice, and are incorporated into Southward's ongoing activities.

Financial Statements and Notes

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of Southward Energy Ltd. and all the information in this annual report are the responsibility of management and have been approved by the Board of Directors.

The financial statements have been prepared by management in accordance with generally accepted accounting principles and where alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances.

Financial statements are not precise since they include certain amounts based on estimates and judgements, and where applicable such amounts have been determined on a reasonable basis in order to ensure the financial statements are presented fairly in all material respects. Management has prepared the financial information presented elsewhere in this annual report and has ensured it is consistent with that in the financial statements.

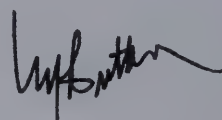
The Company maintains systems of internal accounting and administrative controls, consistent with reasonable cost, which are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Company's assets are appropriately accounted for and adequately safeguarded.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board carries out this responsibility principally through its Audit Committee which includes three non-management directors.

The financial statements have been audited by Deloitte & Touche LLP – Chartered Accountants, the external auditor, in accordance with generally accepted auditing standards on behalf of the shareholders. Deloitte & Touche LLP – Chartered Accountants have full and free access to the Audit Committee.



Mark Janisch
President and Chief Executive Officer



Mark Cutten
Controller

AUDITORS' REPORT

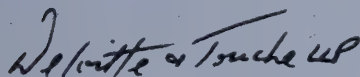
21

To the Shareholders of Southward Energy Ltd.

We have audited the consolidated balance sheets of Southward Energy Ltd. as at December 31, 2000 and 1999 and the consolidated statements of operations and retained earnings and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2000 and 1999 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants

Calgary, Alberta

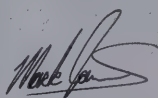
March 5, 2001

CONSOLIDATED BALANCE SHEETS

As at December 31,	2000	1999
ASSETS		
Current		
Accounts receivable	\$ 10,994,903	3,408,436
Investment in marketable securities	0	380,306
Deposits and other	325,173	304,901
Total current assets	11,320,076	4,093,643
Note receivable (note 2)	378,098	557,010
Inventory	1,122,653	84,344
Long-term investment (note 3)	2,538,222	0
Deferred charges (note 4)	1,174,750	0
Property and equipment (note 5)	53,770,788	30,611,296
	\$ 70,304,587	35,346,293
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 12,118,975	5,192,181
Deferred revenue (note 7)	142,344	142,344
Total current liabilities	12,261,319	5,334,525
Bank loan (note 6)	20,112,922	10,006,980
Future site restoration and abandonment costs	918,679	584,679
Future income taxes (note 8)	7,616,705	1,367,705
Deferred revenue (note 7)	118,619	260,963
Shareholders' equity		
Share capital (note 9)	17,014,300	16,863,587
Retained earnings	12,262,043	927,854
Total shareholders' equity	29,276,343	17,791,441
	\$ 70,304,587	35,346,293

See accompanying notes

On behalf of the Board,


Mark Janisch
Director

Verne Johnson
Director

CONSOLIDATED STATEMENTS OF OPERATIONS AND RETAINED EARNINGS

2000 ANNUAL REPORT

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For the years ended December 31,	2000	1999
REVENUES		
Oil and natural gas sales	\$ 44,897,998	9,512,112
Other income	17,510	54,866
	44,915,508	9,566,978
Royalties, net	11,670,306	1,301,789
	33,245,202	8,265,189
EXPENSES		
Production	3,801,720	2,120,955
General and administrative	1,250,252	826,346
Interest	1,144,354	339,176
Depletion and depreciation	7,751,584	2,763,505
Site restoration	334,000	149,000
	14,281,910	6,198,982
Earnings before income taxes	18,963,292	2,066,207
Income taxes		
Current	1,898,103	91,407
Future (note 8)	5,300,000	741,000
	7,198,103	832,407
Net earnings	11,765,189	1,233,800
Retained earnings (deficit), beginning of year	927,854	(305,946)
Adoption of liability method of accounting for future income taxes (note 8)	(431,000)	0
Retained earnings, end of year	\$ 12,262,043	927,854
Basic Net Earnings per share	\$ 0.61	0.08
Fully Diluted Net Earnings per share	\$ 0.48	0.08

See accompanying notes

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31,	2000	1999
Cash provided by (used in):		
OPERATING ACTIVITIES		
Net earnings	\$ 11,765,189	1,233,800
Add (deduct) non-cash items:		
Depletion and depreciation	7,751,584	2,763,505
Site restoration	334,000	149,000
Future income taxes	5,300,000	741,000
Deferred revenue	(142,344)	(142,344)
Cash flow from operations	25,008,429	4,744,961
Change in non-cash working capital	(299,639)	1,009,323
Cash provided by operating activities	24,708,790	5,754,284
INVESTING ACTIVITIES		
Expenditures on property and equipment	(30,393,076)	(16,537,820)
Inventory acquisition	(1,038,309)	(84,344)
Marketable securities	0	70,000
Long-term investment	(2,538,222)	0
Deferred charges	(1,174,750)	0
	(35,144,357)	(16,552,164)
FINANCING ACTIVITIES		
Increase in bank loan	10,105,942	7,006,980
Issue of common shares	153,235	3,846,944
Share issue expenses	(2,522)	(88,915)
Note receivable	178,912	(21,424)
	10,435,567	10,743,585
Increase (decrease) in cash	0	(54,295)
Cash, beginning of year	0	54,295
Cash, end of year	\$ 0	0
Basic Cash Flow from operations per share	\$ 1.29	0.32
Fully Diluted Cash Flow from operations per share	\$ 1.01	0.28

See accompanying notes

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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December 31, 2000 and 1999

1. Summary Of Significant Accounting Policies

Southward Energy Ltd. is a publicly traded company engaged in the oil and gas business and incorporated under the Alberta Business Corporations Act. These consolidated financial statements are prepared in accordance with generally accepted accounting principles, as follows:

a) Basis of Consolidation

These consolidated financial statements include the accounts of Southward Energy Ltd. (the "Company") and its wholly-owned subsidiary, Westrich Resources Ltd.

b) Capitalized Costs

The Company follows the full cost method of accounting whereby all costs associated with the exploration for, and development of, oil and gas reserves, whether productive or non-productive, are capitalized in a single Canadian cost center. Such costs include land acquisition, drilling, geological and geophysical expenses related to exploration and development activities.

Gains or losses are not recognized upon the disposition of oil and gas properties unless such a disposition would change the depletion rate by 20 percent or more. Gains and losses are recognized upon the disposition of other assets.

c) Depletion and Depreciation

Depletion of petroleum and natural gas properties and depreciation of production equipment, is provided using the unit of production method based on estimated proved petroleum and natural gas reserves as determined by independent engineers.

The depletion and depreciation base includes total capitalized costs, less costs of unproved properties, net of impairment and future salvage values, plus provision for future development costs of undeveloped reserves, as determined by independent engineers and management estimates.

The relative volumes of oil and natural gas reserves and production are converted to equivalent barrels of oil based on the relative energy content of each product.

Furniture, fixtures and office equipment are carried at cost and are depreciated over the estimated useful lives of the assets at rates of 20 percent to 30 percent calculated on a declining basis.

d) Future Site Restoration and Abandonment Costs

The Company annually estimates the future costs associated with the site restoration and abandonment of well sites and facilities by specific areas. An accrual for abandonment is made using the unit of production method. Actual abandonment expenditures are charged as incurred to the accumulated abandonment provision.

e) Ceiling Test Limitations

The Company applies a ceiling test to capitalized costs, net of deferred income taxes and future site restoration and abandonment costs, to ensure that the net carrying value does not exceed the estimated value of future net revenues from production of proven reserves less future production-related general and administrative expenses, financing costs, estimated future abandonment costs and income taxes. Any reduction in the net carrying value of property and equipment as a result of the ceiling test is charged to operations.

The calculation of future net revenues is based on sales prices, costs and regulations in effect at year-end.

f) Investment in Marketable Securities

The investment in marketable securities is carried at the lower of cost or market value.

g) Inventory

Inventory consists primarily of drilling and facility equipment and is carried at the lower of cost and replacement cost.

h) Future Income Taxes

Effective January 1, 2000, the Company adopted the new accounting recommendation of the Canadian Institute of Chartered Accountants, for accounting for income taxes using the liability method. Under this method, future income tax assets and liabilities are measured based on temporary differences between the carrying values of assets and liabilities and their tax basis. Future income tax expense (recovery) is computed based on the change during the year in the future tax assets and liabilities. Effects of change in tax laws and tax rates are recognized when substantially enacted.

The new method was applied retroactively without restatement of the 1999 financial statements. For 1999, the Company followed the deferral method of accounting for the tax effect of timing differences between taxable income and income as recorded in the financial statements.

i) Deferred Revenue

Payments received for oil and gas not delivered are deferred and are recorded as revenue on a straight line basis over the life of each contract.

j) Flow-through Shares

The Company has financed certain of its exploration and development activities through the issue of flow-through shares. Under the terms of the flow-through share issues, the tax attributes of the related expenditures are renounced to subscribers. To recognize the foregone tax benefits to the Company, the carrying value of the shares issued are recorded net of the tax benefits renounced to subscribers, and a future tax liability recorded. Prior to the adoption of the liability method, the tax effect of the renounced expenditures were deducted from property and equipment.

k) Per Share Amounts

Basic per share amounts are calculated using the weighted average number of common shares outstanding during the year. The fully diluted per share amounts assumes the conversion of all outstanding warrants and the exercise of stock options outstanding into common shares.

l) Financial Instruments

The fair value of the Company's accounts receivable, deposits and other, note receivable and accounts payable and accrued liabilities, approximate the respective carrying values due to their short-term nature. The Company's long-term bank loan bears interest at a floating market rate; accordingly, the fair value approximates the carrying value.

m) Hedging Contracts

The Company may enter into contracts to manage its exposure to commodity price fluctuations. Gains and losses on commodity price hedges are included in income at the time of the sale of the related production.

n) Joint Ventures

Certain of the Company's exploration, development and production activities are conducted jointly with others and, accordingly, these financial statements reflect only the Company's proportionate interest in such activities.

o) Stock Option Plan

The Company has granted stock options as outlined in note 9. No compensation expense is recognized for this plan when stock or stock options are issued to employees. Any consideration paid by employees on exercise of stock options or purchase of stock is credited to share capital.

2. Note Receivable

In conjunction with the new financing and change in management in late 1997, the Company agreed to enter into a loan arrangement whereby the President would be advanced funds to purchase common shares from treasury.

In June, 1998, the Company advanced \$525,000 to facilitate the acquisition of 350,000 shares at \$1.50 per share. The terms of this full recourse loan are that it will bear interest at 4 percent per annum and payment must be made in full, including accrued interest, in the tenth year of the loan. The Company will hold the acquired common shares in trust until the loan is retired. This loan was approved by shareholders in the Special Meeting held December 17, 1997.

3. Long-Term Investment

In several transactions during December 2000, the Company purchased 1,257,700 shares of Benson Petroleum Ltd. ("Benson") for total cash of \$2,538,222 including commissions. In 2000, the investment has been accounted for using the cost method. The market value of the long-term investment at December 31, 2000 was \$2,741,800. Subsequent to December 31, 2000, the Company entered into an agreement to acquire all of the issued and outstanding shares of Benson as described in note 12.

4. Deferred Charges

Deferred charges of \$1,174,750 represent the unamortized portion of two gas contracts which were closed out during 2000. The initial cash payment of \$1,546,837 is being amortized over the original terms of the contracts, ending in 2000.

5. Property And Equipment

	2000	1999
Oil and gas properties	\$ 74,335,452	43,568,276
Furniture and other	410,856	266,956
	74,746,308	43,835,232
Accumulated depletion and depreciation	(20,975,520)	(13,223,936)
	\$ 53,770,788	30,611,296

As at December 31, 2000, \$10,603,953 (1999 – \$4,346,533) was excluded from the depletion calculation, which was \$6,758,849 for undeveloped properties and \$3,845,104 for seismic data.

6. Bank Loan

The Company has a demand revolving loan facility to a maximum of \$30,000,000 bearing interest at prime. As at December 31, 2000, \$20,112,922 (1999 – \$10,006,980) was drawn under this facility. Collateral for the facility consists of a general security agreement with a floating charge on land.

The facility is subject to annual review. No principal repayments have been stipulated by the bank for 2000 provided that the terms of the facility are complied with, and that there is no adverse change in the financial position of the Company.

7. Deferred Revenue

Pursuant to a long-term gas supply contract, proceeds previously received and deferred, are being recognized as revenue on a straight line basis over a 96-month period as follows:

	2000	1999
Current	\$ 142,344	142,344
2001	\$ 0	142,344
2002	118,619	118,619
Deferred	\$ 118,619	260,963

8. Future Income Taxes

Effective January 1, 2000, the Company adopted the new accounting recommendation of the Canadian Institute of Chartered Accountants, "Income Taxes." The standard has been adopted retroactively without restatement of the 1999 financial statements. The impact of this restatement relating to prior years was to record a future income tax liability of \$949,000, decrease the Company's retained earnings by \$431,000 and increase property and equipment by \$518,000.

There was no significant impact on 2000 net earnings as a result of adopting the liability method.

The provision for future income taxes differs from the amount computed by applying the combined federal and provincial tax rate of 44.67 percent to income before taxes. The difference results from the following:

	2000	1999
Computed expected provision (recovery) for future income taxes	\$ 8,471,000	921,942
Effect on taxes of:		
Non-deductible crown royalties	3,242,000	744,738
Alberta royalty tax credit	(230,000)	(316,367)
Resource allowance	(4,395,000)	(630,565)
Non-deductible depletion	0	53,696
Other	110,103	58,963
Future	\$ 7,198,103	832,407

The major components of the future income tax liability at December 31, 2000 using the combined federal and provincial income tax rates of 44.67 percent are as follows:

	Future Tax Asset (Liability)
Property and equipment	\$ (7,603,000)
Future site restoration	411,000
Deferred charges	(461,000)
Other	36,295
Balance, December 31, 2000	\$ (7,616,705)

9. Share Capital

Authorized:

Unlimited number of Common Shares

Unlimited number of Preferred Shares

Common shares issued:

	2000		1999	
	Number	Consideration	Number	Consideration
Balance, beginning of year	19,388,588	\$ 16,863,587	12,946,366	\$ 12,268,819
Shares issued				
Common share issue	0	0	6,354,562	4,547,273
Exercise of options	123,300	146,035	110,160	151,740
Exercise of warrants	6,000	7,200	0	0
Share issue costs	0	(2,522)	0	(88,915)
	19,517,888	17,014,300	19,411,088	16,878,917
Shares purchased and cancelled	0	0	(22,500)	(15,330)
Balance, end of year	19,517,888	\$ 17,014,300	19,388,588	\$ 16,863,587

Warrants issued and outstanding:

	Dec. 31 1999		Dec. 31 2000		Expiry date
	Issued	Exercised			
1999 issue @ \$1.20	6,354,562	0 (10,000)	6,344,562		Sep 15, 2001

In September 1999, the Company completed a Private Placement of 6,354,562 common shares in exchange for cash of \$3,710,534 and marketable securities of \$836,739. Attached to these private placement shares issued are 6,354,562 share purchase warrants. Each warrant entitles the holder to acquire 0.6 of one common share and the purchase price for each whole common share acquired is \$1.20. If all remaining warrants were exercised, an additional 3,806,737 common shares would be issued for cash consideration of \$4,568,085. The Company has not allocated any portion of the private placement proceeds to the share purchase warrants.

The Board of Directors has approved the granting of options to certain directors, officers and employees to purchase the Company's common shares.

A summary of the status and changes in the number of the Company's stock options is presented below:

	2000		1999	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,781,443	\$ 1.19	1,061,000	\$ 1.41
Granted	209,500	\$ 2.92	839,843	\$ 1.02
Exercised	(123,300)	\$ 1.18	(110,160)	\$ 1.38
Cancelled	0		(9,240)	\$ 0.75
Outstanding, end of year	1,867,643	\$ 1.39	1,781,443	\$ 1.19
Options exercisable, end of year	996,337	\$ 1.26	479,667	\$ 1.40

Options outstanding at December 31, 2000:

Range of Exercise Prices	Number Outstanding	Weighted Average Contractual Life (years)	Average Exercise Price
\$ 0.75	790,843	3.4	\$ 0.75
\$ 1.30 – 1.65	787,300	2.2	\$ 1.44
\$ 2.15 – 2.75	130,000	3.8	\$ 2.65
\$ 3.25 – 3.73	159,500	5.1	\$ 3.27
	1,867,643	3.1	\$ 1.39

The Company presently has the maximum number of options allowed under the plan fixed at 2,800,000 which is reduced to 2,431,200 after deducting options previously granted and exercised. This maximum is further restricted so as not to exceed 10 percent of the actual shares issued and outstanding at any time. At December 31, 2000 the number of shares issued and outstanding was 19,517,888 and, therefore, the maximum number of options permitted to be issued was 1,951,789.

10. Cash Flow Information

The following shows the actual cash amounts paid in the current year excluding any accruals.

	2000	1999
Interest paid	\$ 1,144,354	340,081
Income taxes paid	\$ 135,500	48,307

11. Weighted Average Number Of Common Shares

	2000	1999
Weighted average number of common shares outstanding during the year	19,452,588	14,816,615
Fully diluted weighted average number of common shares outstanding during the year	25,062,726	17,172,001

12. Subsequent Event

On February 15, 2001, the Company entered into a pre-acquisition agreement to acquire all of the issued and outstanding shares of Benson Petroleum Ltd. for \$3.05 cash per share, for an aggregate value, including assumed indebtedness, of approximately \$95 million. An amended offer was mailed to shareholders of Benson on February 21, 2001. As at March 5, 2001, approximately 92 percent of the outstanding common shares were deposited pursuant to the amended offer. The Company has extended the expiry time for acceptance of the offer to March 19, 2001, at which time the Company will proceed with compulsory acquisition procedures to acquire any remaining common shares not tendered by Benson shareholders. The Company acquired 1,257,700 common shares of Benson in December 2000 for \$2,538,222 (note 3). The market value of these shares on March 5, 2001 was \$3,835,985. In conjunction with the amended offer, the Company has caused Benson to dispose of certain assets to a third party for cash proceeds of approximately \$50 million.

Abbreviations

ARTC	Alberta Royalty Tax Credit
Bbls	barrels
Bbls/d	barrels per day
Bcf	billion cubic feet
Boe	barrels of oil equivalent
Boe/d	barrels of oil equivalent per day
Mboe	thousand barrels of oil equivalent
Mcf	thousand cubic feet
Mmbtu	million British thermal units
Mmcf	million cubic feet
Mmcf/d	million cubic feet per day
Mstb	thousand stock tank barrels
NGLs	natural gas liquids
WTI	West Texas Intermediate

Corporate Information

Board of Directors

Mark Janisch, P.Eng., MBA
President and Chief Executive Officer
Southward Energy Ltd.

Verne G. Johnson
Senior Vice President
Enerplus Global Energy Management Inc.

Robert Shaunessy
Chairman
Rio Alto Exploration Ltd.

Marcel J. Tremblay
President and Chief Executive Officer
Enerplus Global Energy Management Inc.

Management

Mark Janisch, P.Eng., MBA
President and Chief Executive Officer

Mark Cutten, C.A.
Controller

Dave Robinson, P.Land
Vice President Land

Keith Wilford, P.Eng.
Vice President Engineering

Thomas Zavesiczky, P.Geol.
Vice President Exploration

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Legal Counsel

Macleod Dixon

Bankers

Royal Bank of Canada

Auditors

Deloitte & Touche LLP
Chartered Accountants

Registrar and Transfer Agent

Computershare Trust Company
of Canada

Engineering

McDaniel & Associates

Stock Exchange Listing

The Toronto Stock Exchange
Trading Symbol: SWN

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